

House File 447 - Introduced

HOUSE FILE 447

BY MURPHY

A BILL FOR

1 An Act relating to state employee life insurance programs and
2 recording certain benefits to the Iowa public employees'
3 retirement system and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 70A.21 Employees' group whole life
2 insurance program.

3 1. A state employees' group whole life insurance program
4 is created which shall be administered by the director of
5 the department of administrative services. The director
6 shall contract with a third-party administrator to modify the
7 structure of life insurance for active employees from a group
8 term life insurance policy to a group whole life insurance
9 policy.

10 2. The department shall adopt rules to ensure that:

11 a. The death benefit available to an active employee's named
12 beneficiaries will remain the same as under group term life
13 insurance.

14 b. When an individual is no longer an active employee of the
15 state, the death benefit coverage shall vest to the Iowa public
16 employees' retirement system.

17 c. Employees hired before the effective date of this section
18 shall retain the right to continue coverage under a group term
19 life insurance policy after termination of active service as
20 provided for in section 509A.6.

21 d. Employees hired on or after the effective date of this
22 section shall receive group term life insurance, with the right
23 to continue such life insurance in force after termination of
24 active service at such employee's sole expense.

25 Sec. 2. Section 97B.9, Code 2011, is amended by adding the
26 following new subsection:

27 NEW SUBSECTION. 3A. The system shall record, as an
28 asset, the present value of the total death benefit of the
29 state employees' group whole life insurance program created
30 in section 70A.21, less an amount to account for employee
31 mortality, as determined by the director of the department of
32 administrative services.

33 Sec. 3. Section 509A.6, Code 2011, is amended to read as
34 follows:

35 **509A.6 Contract with insurance carrier, health maintenance**

1 **organization, or organized delivery system.**

2 The governing body may contract with a nonprofit corporation
3 operating under the provisions of this chapter or chapter 514
4 or with any insurance company having a certificate of authority
5 to transact an insurance business in this state with respect
6 of a group insurance plan, which may include life, accident,
7 health, hospitalization and disability insurance during period
8 of active service of such employees, with the right of any
9 employee to continue ~~such~~ a group term life insurance policy in
10 force after termination of active service at such employee's
11 sole expense; may contract with a nonprofit corporation
12 operating under and governed by the provisions of this chapter
13 or chapter 514 with respect of any hospital or medical service
14 plan; and may contract with a health maintenance organization
15 or an organized delivery system authorized to operate in this
16 state with respect to health maintenance organization or
17 organized delivery system activities.

18 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
19 immediate importance, takes effect upon enactment.

20 EXPLANATION

21 This bill creates a state employees' group whole life
22 insurance program and allocates realized benefits from the
23 program to the Iowa public employees' retirement system
24 (IPERS).

25 The bill requires that the director of the department
26 of administrative services administer the state employees'
27 group whole life insurance program. The bill requires that
28 the director contract with a third-party administrator to
29 modify current group term life insurance to group whole life
30 insurance. The bill requires that employee death benefits
31 remain the same, but that when an employee becomes inactive
32 or is terminated, the death benefit shall vest to IPERS. The
33 bill requires that employees hired after the date of enactment
34 participate in a group term life insurance policy, and those
35 employees have the right to continue such coverage at the

1 employee's own expense upon the end of employment with the
2 state.

3 The bill requires that IPERS record the present value of
4 IPERS' interest in the employee group whole life insurance
5 program as an asset.

6 The bill strikes language in current law that would allow
7 any employee, current or future, to carry the employee's death
8 benefit after employment if the former employee was responsible
9 for the continued expense. The current law pertained only to
10 group term life policies.